S&L RESCUE UPDATE

Thrifts Being Acquired by Banks Under Bailout Law

Listed geographically by acquired thrift and announced date of acquisition agreement

	Name of acquiring bank, city, state Name and city of acquired thrift	Announce-ment Date	Inst. Type[1]	Total Assets[2] $ Mil.	Premium/ Deposits[3,4] (%)	Price/ Book[4] (%)	Price/ Earnings[4,5] (%)	Deal Type
Pennsylvania	**PNC Financial Corp., Pittsburgh[8]** **First Federal Savings & Loan Assn., Pittsburgh**	12/11/89	Com Mut	41,753 3,126	...	...	...	An unassisted supervisory conversion.
	Susquehanna Bancshares, Inc., Lititz[7] **Elmwood Federal Savings Bank, Media[6]**	11/21/89	Com Stk	1,279 260	2.83	1.24	15.20	Acquisition for cash or stock of a sound, stock thrift institution.
	First Western Bancorp., New Castle **First Federal of Western PA, Sharon**	11/14/89	Com Stk	532 361	0.00	1.00	15.57	Acquisition for cash or stock of a sound, stock thrift institution.
	Univest Corp. of Pennsylvania, Souderton[7] **Pennview Savings Bank, Souderton[6]**	10/31/89	Com Stk	531 148	2.85	1.43	12.94	Acquisition for cash or stock of a sound, stock thrift institution.
	FNB Corp., Hermitage[7] **Dollar Savings Association, New Castle[6]**	10/26/89	Com Stk	1,038 110	1.83	1.19	20.45	Acquisition for cash or stock of a sound, stock thrift institution.
	Meridian Bancorp. Inc., Reading **Hill Financial Savings Assn., Red Hill**	10/13/89	Com Mut	9,906 2,589	1.53	...	...	Assisted supervisory transaction (a so-called "clean bank" transaction).
	Financial Trust Co., Carlisle **First Federal Savings Bank, Hanover**	10/9/89	Com Mut	596 77	...	...	...	An unassisted supervisory conversion.
	CCNB Corp., New Cumberland[7,8] **Parent Federal Savings Bank, Lancaster[6]**	10/3/89	Com Stk	1,126 71	NA	NA	NA	Acquisition for cash or stock of a sound, stock thrift institution.
Texas	**NCNB Texas National Bank, Dallas** **University Federal SA, Houston**	10/13/89	Com Stk	27,941 2,615	3.69	...	...	Assisted supervisory transaction (a so-called "clean bank" transaction).
	Hibernia National Bank in Texas, Pflugerville **Trinity Valley S&LA, Cleveland**	10/6/89	Com Stk	NA 86	0.56	...	...	Assisted supervisory transaction (a so-called "clean bank" transaction).
	NCNB Texas National Bank, Dallas **Village Savings Bank FSB, Houston**	9/22/89	Com Stk	27,941 91	0.75	...	...	Assisted supervisory transaction (a so-called "clean bank" transaction).
	NCNB Texas National Bank, Dallas **First Capital SA of Texas, Houston**	9/22/89	Com Stk	27,941 76	0.41	...	...	Assisted supervisory transaction (a so-called "clean bank" transaction).
	Hibernia National Bank in Texas, Pflugerville **Humble S&LA, Humble**	9/15/89	Com Stk	NA 46	0.38	...	...	Assisted supervisory transaction (a so-called "clean bank" transaction).
	NCNB Texas National Bank, Dallas **American FSB, Austin**	9/8/89	Com Stk	27,941 32	0.17	...	...	Assisted supervisory transaction (a so-called "clean bank" transaction).
	NCNB Texas National Bank, Dallas **Century S&LA, Baytown**	8/18/89	Com Stk	27,941 58	0.03	...	...	Assisted supervisory transaction (a so-called "clean bank" transaction).
	Comercia Bank-Texas, Dallas **Park Cities SA, Dallas**	8/10/89	Com Stk	611 44	0.05	...	...	Assisted supervisory transaction (a so-called "clean bank" transaction).
Wisconsin	**Marshall & Ilsley Corp., Milwaukee[8,10]** **Central Federal S&LA, Ripon**	9/13/89	Com Mut	6,692 99	...	...	...	A modified conversion.

Data Source: Data provided by **BEI Golembe, Inc., Washington, D.C.** from its Deals Database. **(1)**— Institution Type: Com= commercial banking organization, Stk= stock savings institution; Mut= mutual savings institution. **(2)**— For deals where the target thrift has less than $500 million in total assets, balance sheet data are as of June 30 or December 31 preceding the date of announcement (application) excepted as noted. In transactions where the target thrift has total assets of $500 million or more, balance sheet data are as of the quarter preceding the date of announcement except as noted. **(3)**— Price minus book divided by total deposits. **(4)**— Price is valued as of application date, exept in deals where the target had total assets greater than $500 million in which case price is valued at announcement date. **(5)**— Income is net income before securities transactions and is for the full calendar year prior to the announcement (application) date for deals where the target had less than $500 million in assets, except as noted. If the target had more than $500 million in assets, net income is for the trailing four quarters preceding the date of announcement, except as noted. **(6)**— Balance sheet data as of 6/30/89. **(7)**— Balance sheet data as of 3/31/89. **(8)**— Terms not disclosed. **(9)**— BB&T will issue 1.75 shares of common stock for each of the 388,500 outstanding shares of First FSB common stock. First FSB agreed conditionally to give BB&T an option to purchase 128,000 shares of its authorized stock at $26 per share. **(10)**— Plans to convert Central into a bank subsidiary. **NA**— Not available.

Source: BEI Golembe Inc.

Swift Pace of Bank Deals for Thrifts Surprises the Industry

Continued from *page* **1**

mate that it involved far fewer deals. "My guess would have been about 30 deals," acknowledged William B. McWilliams, president and chief executive officer of First Atlantic Securities Inc., Raleigh, N.C.

Moreover, the number of small transactions has led to the mistaken notion in some quarters that most transactions have involved troubled savings and loan associations being handled through the Resolution Trust Corp. Actually, nearly half the 1989 deals – 25 of them – involved banks buying thrifts without direct government involvement.

Many Deals Unassisted

"This should finally put to rest the idea that banks are not interested in thrifts," said Bruce W. Harting, thrift industry analyst at Salomon Brothers, the New York investment banking firm.

"What's most impressive is the number of unassisted deals," he added. "It demonstrates that banks have begun their own search for thrifts rather than waiting for a package from the government."

"It's a surprising amount of activity, given that the bailout bill wasn't enacted until mid-August, the regulations took several further months, and that the long debate over capital rules went on until December," said Allan G. Bortel, the senior thrift analyst for Shearson Lehman Hutton Inc.

Besides the thrifts purchased under the thrift law's provisions last year, there was also the acquisition of the $6.6 billion-asset Pacific First Financial Corp., Tacoma, Wash., by Royal Trustco Ltd., Toronto. The $212 million transaction was announced last February and completed in December.

Contact Was Limited

The difficulty of gauging banks' reactions to buying thrifts when the chance finally arrived stemmed partly from the small amount of contact that previously went on between the two kind of institutions.

"Bankers always looked down their noses at thrifts, and that was before the crisis of the last few years. They've been on an accelerated learning curve since August," noted Samuel J. Beebe, a banking and thrift industry analyst at Williams Securities Group, Tampa, Fla.

The first bank acquisition of a thrift only dates to 1982 and, given both regulatory difficulties and bankers' attitudes, few occurred between then and 1987, when a two-year moratorium was clamped on such deals. In effect, banks have only five years of history and a handful of examples for guidance.

"That's really pretty brief experience," said John J. Mingo, the BEI Golembe managing director who closely tracks bank purchases of thrifts. As more is gained, he feels the number of these deals will grow rapidly.

He also believes that the considerable gap that has existed between typical prices paid for thrifts and banks will begin to narrow.

Price Gap Is Wide

Since the October 1987 stock market crash, the median price paid for banks with more than $500 million in assets has been 1.8 times book value, or 15 times earnings, or a 6% premium over deposits. In contrast, for similar healthy thrifts it has been a meager 1.2 times book, 12.5 times earnings, and a 2% premium to deposits.

"Thrifts are cheaper now precisely because they are a little-known entity as far as banks are concerned," he said. The removal of regulatory barriers to such acquisitions effectively removes a market imperfection that had been a big source of the pricing gap, Mr. Mingo believes.

"With increasing demand, I think we'll see the prices of thrifts and banks closer together by the end of this year."

Price Factors Disputed

Mr. Mingo disagrees with those who assign the lower prices paid for thrifts to the higher risks involved for banks, and particularly to the perceived lack of management talent at many thrifts. "Management is something you pay for if you need it, and don't if you don't," he said.

Most Active States In Bank-Thrift Deals

Agreements under bailout law

State	Thrift assets acquired (billions of dollars)	# of deals
Pennsylvania	$6.7	8
Texas	$3.0	8
Ohio	$2.9	6
Florida	$2.3	4
N. Carolina	$1.2	7

Source: BEI Golembe Inc.

"There are regulatory difficulties and extra due diligence required in buying savings and loans, and some operating differences involved in running them, but nothing that is not priceable or manageable," he maintains.

Nearly all the thrift deals struck in 1989 were used by banks as a means of filling in gaps in their franchises, rather than as extensions of their markets.

Geographic Concentration

The focus on small institutions last year meant that the largest number of deals and the most thrift assets acquired by banks took place in states such as Pennsylvania, Texas, and Ohio that have a large number of small institutions.

Of the 25 deals not involving government assistance, most if not all are still pending. Most banks have not yet decided if their thrifts will continue to be operated as thrifts or, where permitted, be merged into bank operations.

While 41 of the bank-thrift deals arranged last year involved shareholder-owned thrifts, the majority were small and did not rank among the roughly 425 stock thrifts whose shares are traded on a routine basis. Deals for stock thrifts prevailed in the absence of rules for buying mutuals, but those are expected in the next 90 days.

A Typical Deal

Typical of them is the planned purchase of $107 million-asset Mother Lode Savings by U.S. Bancorp., Portland, Ore. The $5.3 million price tag is equal to 1.2 times Mother Lode's book value and 11 times its earnings, with a 0.9% premium on deposits.

For far less than it would pay for a bank, the $16 billion-asset Oregon superregional is obtaining a state-chartered thrift with three office in what it called "one of the fastest growing urban areas in the country." The new offices will enhance the

See **SWIFT** *next page*

CAPITAL

Increase Seen in Subordinated Debt Issues

By KELLEY HOLLAND

Look for increased issuance of subordinated debt by smaller banks in the first half of 1990, analysts and capital markets specialists say.

Provided the market for bank bonds strengthens, these banks will be seeking to bolster Tier 2 capital, the portion of required capital under the new rules that can be funded with subordinated debt, among other things.

"There is a very definite need for Tier 2 capital versus Tier 1," observed William King, first vice president at Merrill Lynch. "You're going to see a lot of smaller bank holding companies that have never been to the public debt markets before."

Historically, large banks have been the big issuers of subordinated debt because their more liquid issues were more attractive to investors. Most regional banks have resorted to other means of financing, and "most of these banks under the old rules seemed well capitalized," Mr. King said. "But the new capital rules changed this." As a result, smaller banks may soon enter the debt market, he added.

Some already have. In October 1989, Merchants National Corp. made its debut in the public debt markets with a $65 million issue of subordinated debt. A spokesman for the bank said Merchants National had Tier 1 capital of 8.66% as of Sept. 30. However, the bank wanted to borrow following several acquisitions, and "we felt that as long as we needed to go out and get debt we might as well get the sub debt first because that counts for Tier 2." Before the debt issue, Merchants National had no Tier 2 capital at all, he added.

A weak bank bond market is leading banks to defer debt issuance, however. In December, MNC Financial Inc. postponed a subordinated debt offering when the market softened, according to Arthur Gilbert, assistant treasurer.

* * *

Traders expect earnings news over the next couple of weeks to remove some uncertainty from the market for bank bonds. But one observed that "it's a shooting gallery" for bank bonds, as news of real estate or other woes continues to batter selected credits. After Bank of New England's troubles surfaced last month, for instance, an outstanding issue of its subordinated capital notes, due in 1999, plummeted to the point where its spread over Treasuries was more than 900 basis points.

Fed funds traded down slightly Friday in advance of a long weekend. Traders said they expected the market to hold around 8¼% or come down slightly over the next few weeks. Of the general policy of the Federal Reserve Bank, one trader said, "I think they'll be biased more toward the soft retail sales than the stronger than expected producer price index number." □

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Charlotte Chamberlain
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DEALS

Continued from *page* 24

that deal, especially if the economy continues to soften. Merrill Lynch did not return telephone calls.

The price that the Philips board might demand is unknown. Initially, Philips shares were to be purchased at $25.50. Under the most recent terms, the price was cut to $24 a share.

"HLT [highly leveraged transaction] funds are now a scarce resource," said one banker. "Before we commit to a deal, we have to make sure it's a deal we want and one that will make money.

"For money-center banks, that means they probably won't do deals unless they can be named agent or coagent where they stand to make the most money."

— Lisabeth Weiner

* * *

Lancer Industries Seeks To Refinance Bridge Loan

In a climate of increasing skepticism from bankers toward credits in cyclical businesses, Lancer IndustriesInc. is making its case to potential lenders for refinancing on a $130 million bridge loan that it used to purchase Fairfield Manufacturing Co. last August.

Lancer, a New York-based industrial holding company, says it is covering all the bases by talking to variety of funding sources besides commercial banks. Lancer purchased Indiana-based Fairfield Manufacturing from Neoax Inc.

"We're talking to different types of lenders: one-stop shops, senior lenders and subordinated lenders, and we're keeping an eye on the public market," said Angus Littlejohn, president and chief financial officer of Lancer.

Merrill Lynch, Pierce, Fenner & Smith, Inc., a subsidiary of Merrill Lynch & Co., is presently advising the company on the refinancing. Merrill provided the bridge financing.

Although several deals has met with banker resistance recently because of their cyclical nature, Lancer officials said they are not too concerned.

"It [Fairfield] has some cyclical businesses, but they're in so many different industries," Mr. Littlejohn said. "It has mining equipment on the down cycle and agricultural equipment for the up cycle, so they offset each other."

Lancer officials have not yet decided on the structure of the refinancing. A memorandum recently sent to about 10 potential funding sources, however, reportedly states that Lancer is looking for approximately $95 million in senior financing and $35 million in subordinated debt.

Some lenders have already responded with proposals, Mr. Littlejohn said. He would not elaborate except to say that the equity component in the structure would be north of $20 million.

— Caren Chesler-Marsh

* * *

Georgia Gulf Set to Name Chase as Leader on Recap

Chase Manhattan Bank was expected to be approved as lead banker for the recapitalization of Georgia Gulf Corp. at the company's special board meeting today, according to reliable bank sources.

Security Pacific National Bank and Canadian Imperial Bank of Commerce will be named coagents, they said.

Georgia Gulf said Friday that it was meeting to consider a definitive proposal for financing the recapitalization. Details on the structure of the financing were not immediately available.

Banking sources had speculated earlier that the recapitalization could be up to $900 million, with about two-thirds consisting of senior bank debt. In recent weeks, as the company remained silent about its plans, stock speculators have lowered their expectations for a large payout.

The board of the Atlanta-based company chose Goldman, Sachs & Co. to help structure a leveraged recap after the company received an uninvited $50-a-share takeover bid from Harold Simmons' NL Industries.

Approximately eight banks were invited by Goldman to bid for the agent position, sources said.

— Lisabeth Weiner
and Jed Horowitz

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Swift Pace of Bank Purchases Of S&Ls Surprises the Industry

Continued from *page* 21

franchise of its existing subsidiary, U.S. Bank of California.

"Over the next few years, I think we will see the banks steadily nibble away at the bottom 1,500 thrifts in the country, either using the government's assistance or paying small premiums," said Mr. Harting.

Some Requirements

"But banks buying into the top 100 or 200 thrifts that can really make a difference in market share," he said, "will depend on the healthiness of real estate markets, the pricing and valuations of bank stocks and, not least, more comfort by banks with thrifts as time passes and the education process goes on."

Only a few fully priced deals between banks and sizeable healthy thrifts with major shares in their markets were struck last year.

Among them, Bancorp Hawaii, Honolulu, agreed to buy FirstFed America, Honolulu, which has assets of $875 million, paying a price equivalent to 1.5 times book, 15 times earnings, and a hefty 6.34% premium to deposits.

In Michigan, First of America Bank Corp., Kalamazoo, agreed to buy the 402 million-asset Primebank Federal Savings Bank, Grand Rapids, for a price of 1.63 times book, 12.5 times earnings, and a 3.9% premium to deposits.

And in Florida, First Florida Banks, Tampa, agreed to buy the $1 billion-asset Mid-State Federal Savings Bank, Ocala, Fla.

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California Court Sides with Banks In Liability Cases

By SAM ZUCKERMAN

SAN FRANCISCO — After years of silence on the explosive issue of lender liability, during which lower courts awarded tens of millions of dollars to borrowers, California's Supreme Court has weighed in on the side of the banks.

The California high court's attitude was revealed in decisions last month not to review a pro-bank appeals court ruling while disallowing a pro-borrower verdict's use as precedent. The actions, which followed a string of lender appeals court victories in the state, add new strength to banks' defenses against aggrieved borrowers.

ANALYSIS *Follow-up on the news*

Because the court refused to hear either lender liability case, its moves are seen more as signals than definitive pronouncements.

But in the last decade California has seen the most litigation over a lender's responsibilities to a borrower. Because decisions here tend to be cited as precedents across the country, the development could have national significance.

Supreme Deterrent

"You are not going to see people as willing to drag us in on these multimillion dollar lawsuits," said David Grappo, a Wells Fargo Bank staff attorney.

The Supreme Court acted in two contradictory cases, one of which had been won by the lender, the other by the borrower. In Price v. Wells Fargo Bank, a San Francisco state appeals court dismissed a suit by ranchers who claimed the bank backed down on promises to extend loans past official maturity dates.

In Security Pacific National Bank v. Williams, a San Diego appeals court upheld a $7 million award in favor of an auto dealer who contended his business failed because of the bank's faulty advice.

Preserving Lender Precedent

The Supreme Court refusal to hear either case let the lower court decisions stand.

But the high court ordered what is technically known as a decertification of the Williams decision, meaning that lawyers cannot cite the case as precedent in any future litigation. By not issuing a decertification on the Price decision, the net result was to preserve the pro-lender precedent while wiping the pro-borrower decision off the books.

Observers say decertification allows the Court to send a signal on its position on a case without

See **CALIFORNIA** *page* **7**

INSIDE NEWS

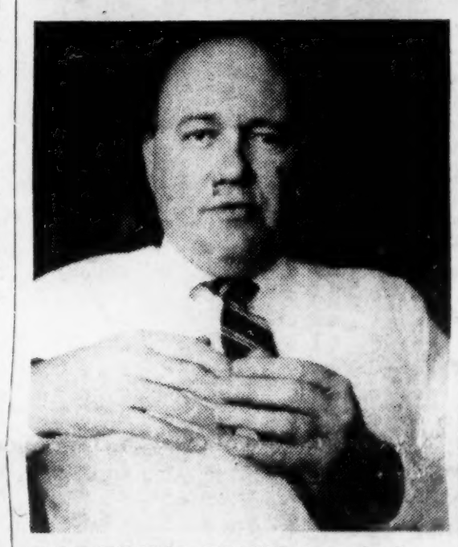
INTERNATIONAL

VENEZUELA is threatening to withhold interest payments on $21 billion it owes foreign banks unless new loans are provided. *Page 10*

FINANCE

NORTHEAST BANCORP, Shelton, Conn., led the list of bank stock losers. Though the overall market declined, several money-center and regional banks reported gains. *Page 16*

MANAGEMENT



ROBERT N. BECK, head of human resources at BankAmerica Corp., was handed the job of slashing 30,000 employees from the payroll. *Page 8*

TECHNOLOGY

A HANDFUL of bank technology executives are raking in annual compensation packages of almost half a million dollars. *Page 3*

CONSUMER

MANY NEW YORK CITY banks and thrifts make it a policy to deny checking accounts to people who live too far from the branch, state regulators found. *Page 6*

OTHER NEWS

NEIL BUSH, son of President Bush and a former director of a failed Denver S&L, faces regulatory banishment from the banking industry. *Page 2*

FIRST BANK SYSTEM Inc. reported a loss for the quarter and a tiny profit for the year, both due to problem loans. *Page 5*

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FDIC Plans Lid On Using Service Pacts As Capital

By BARBARA A. REHM

WASHINGTON — The Federal Deposit Insurance Corp. plans to limit sharply the use of purchased mortgage servicing rights to meet minimum capital requirements, and that would force at least 56 thrifts to seek new capital, analysts said.

The FDIC Tuesday postponed putting out the rule for public comment but is expected to do so in two weeks.

The change, phased in over five years, would permit thrifts to count purchased mortgage servicing rights for only half of their 1.5% tangible capital requirement. Some state-chartered banks would be similarly affected.

Tangible Capital Rule

Thrifts now can meet all of their tangible capital requirement with purchased mortgage servicing rights.

Under these servicing contracts, the owners of mortgages pay institutions a fee for collecting payments and other services. The contracts can be assigned values and counted as capital.

The treatment of mortgage servicing rights was controversial last year when Congress debated the thrift bailout law. It left up to the FDIC the setting of a cap on the amount that could be applied to tangible capital requirements.

Regulators consider mortgage servicing rights a relatively less

See **FDIC** *page* **14**

Pinola Is Latest to Yield As New Leaders Emerge

By SAM ZUCKERMAN

SAN FRANCISCO — A new era of banking leaders continued to unfold Wednesday as First Interstate Bancorp announced that Joseph J. Pinola, who transformed the bank into the nation's first true superregional, will retire on June 1 as chairman and chief executive officer.

He will be succeeded by Edward M. Carson, 60, who has spent his entire 39-year career at First Interstate.

The announcement of Mr. Pinola's impending retirement, which was expected, came one day after Richard J. Flamson resigned as CEO at Security Pacific Corp. And it marks a continuation of the pell-mell change of leadership at many of the country's biggest banks in recent months.

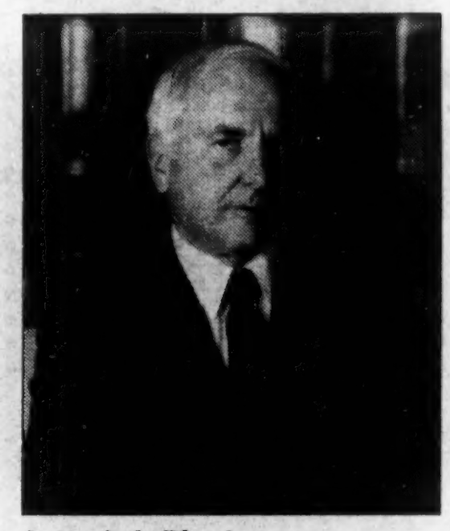
Changing Face of Banking

Among the bank executives who recently stepped down or plan to soon are Lewis Preston, former chairman and CEO of J.P. Morgan & Co., and Robert Ferguson, chairman and CEO of First Fidelity Bancorp.

John F. McGillicuddy of Manufacturers Hanover Corp. and Willard C. Butcher of Chase Manhattan Corp. have announced plans to retire in the next few years.

Bank observers predicted Wednesday that more executive changes will continue to occur.

"What we are seeing is the passing of the torch," said James J. McDermott Jr., head of research at Keefe, Bruyette & Woods Inc., a New York securities firm. "Some banks need fresh views, and these younger guys get a chance to manage



Joseph J. Pinola

through this difficult period."

At First Interstate, Mr. Carson is seen as a transitional figure who will probably retire himself in a few years.

A possible successor is William E.B. Siart, the fast-rising 43-year-old president and CEO of First Interstate Bank of California, the corporation's flagship subsidiary, who will become president of the $58 billion-asset holding company when Mr. Carson becomes chairman.

He was also named a company director, and will continue as chief of the California bank.

Another possible successor is First Interstate Bank of Washington chief executive William S. Randall, 49, who last week was named to head the Arizona subsidiary, which is experiencing serious financial problems because of the decline in the real estate market.

Siart Versus Randall?

"They are pitting Siart against Randall," said a New York bank analyst who asked not to be identified.

See **PINOLA** *page* **14**

Thrift Villains: Easy to Spot, Hard to Nail

By STEVE KLINKERMAN

DALLAS — When federal prosecutors won an indictment against Danny L. Faulkner after a five-year investigation, it appeared they had solid evidence that he and six other defendants had looted $136 million from the failed Empire Savings Association, Mesquite, Tex.

But after listening to seven months of testimony, a jury in Lubbock deadlocked, unable to render even one of the more than 300 verdicts possible in the 88-count indictment.

The defeat, in what was the largest bank fraud case ever brought to trial, came just one month after the enactment of the thrift-bailout law last August. And experts say it is but a glimpse of the frustration that is to come as federal agents go after thrift executives charged with

See **REGULATORS** *page* **11**

U.S. Has Declared War on Thrift Fraud...
The Justice Department says S&L fraud totals $50 billion
A Texas task force has been doubled to 160 investigators
80
160
... But It's Facing a Tough Fight
Defendants argue that it's not fraud, just bad management
Jurors find cases overly complex

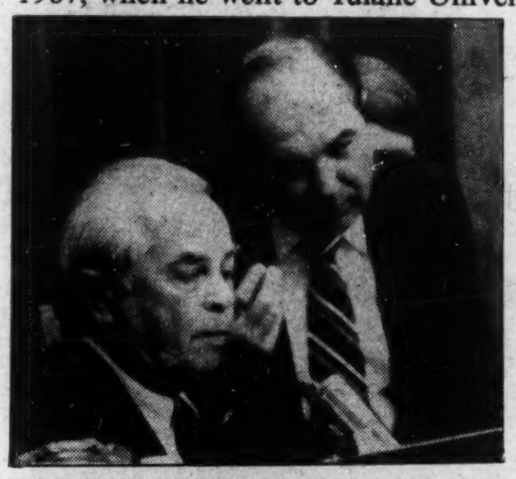
PEOPLE *in the news...*

Paul Nelson Comes Back To the House as Economist

Former House Banking Committee staff director Paul Nelson is returning to Capitol Hill, where he was once one of the biggest backstage players of them all.

Mr. Nelson will be chief economist of the House Small Business Committee and special adviser to a task force studying the competitiveness of U.S. financial institutions.

He was House Banking Committee staff director from 1963 until 1987, when he went to Tulane University, New Orleans, as an administrator. The 60-year-old Mr. Nelson served under three banking committee chairman, from Wright Patman, D-Tex., to Fernand J. St Germain, D-R.I. Mr. Nelson is regarded by many as a master of the legislative process, as well as an expert on banking law and regulation.



FORMER TEAM: Paul Nelson seen in his days as an aide to former Rep. Fernand J. St Germain, D-R.I.

Because of his background and stature on the Hill, and because Small Business is chaired by Rep. John J. LaFalce, a senior member of the House Banking Committee, it is expected that Mr. Nelson will have an opportunity to have an impact on a broad range of financial institutions issues, including the debate over industry restructuring. Mr. LaFalce, a New York Democrat, also chairs the Banking Committee task force on U.S. competitiveness.

He told associates in late 1987 that the latter legislation was the most difficult bill of his career, and that he was reluctant to go through the process again.

But Mr. Nelson quickly tired of academic life at Tulane, where he was executive vice president, and he began looking for a Washington job. Among other things, he aggressively sought an appointment to a seat on the Federal Deposit Insurance Corp. Mr. Nelson did not return calls this week or last.

Mr. LaFalce also plans to name Jeanne Roslanowick, his banking aide, as staff director for the task force.

— Robert Garsson

... by region

MIDDLE ATLANTIC

Dewe Rogerson Inc., New York, the financial and corporate communications firm, has formed a mergers and acquisitions advisory and proxy solicitation services division. The new service will be launched by three new executives.

They are **Daniel H. Burch,** executive vice president, previously a senior vice president at D.F. King & Co., New York; **Neil J. Call,** executive vice president, formerly an executive vice president at D.F. King; and **Mark H. Harnett,** senior vice president, previously a vice president at D.F. King.

Dewe Rogerson Inc. is part of the Dewe Rogerson Group, based in London.

Washington Bancorp, Hoboken, N.J., has elected **Theodore J. Doll** as president and chief operating officer of the holding company and its subsidiary, Washington Savings Bank.

He has served as executive vice president of the bank since last October.

Binghamton Savings **Bank,** Binghamton, N.Y., has named **John J. Consey** and **Alex S. DePersis** to executive vice presidents, a new administrative title at the bank.

Mr. Consey supervises banking operations and Mr. DePersis supervises lending operations.

Westinghouse Credit Corp., Pittsburgh, has named **James E. Focareta** as president of this unit of Westinghouse Financial Services Inc. He formerly was senior vice president in charge of credit policy and planning. Mr. Focareta succeeds **William A. Powe,** who becomes chairman.

Three senior managers were named executive vice presidents of Westinghouse Financial Services. **Robert T. Barbour,** who headed Westinghouse Credit's corporate capital group, now heads the new international operations. **Laurence A. Chapman,** chief financial officer of both Westinghouse Financial Services and Westinghouse Credit, is now also responsible for asset review. **James W. Meighen,** formerly head of Westinghouse Credit's real estate finance group, moves to head a new capital markets operations, with responsibility for structured finance and syndications.

SOUTHWEST

First City, Texas-Houston elected **Robert G. Brooks, James M. Kipp** and **William B. Wiener 3d** as executive vice presidents.

Mr. Brooks is manager of First City real estate division; Mr. Kipp is manager of the bank's energy division; and Mr. Wiener is the senior credit officer for corporate banking.

— Franklin Smith

Neil Bush Faces Ban from Banking Industry

By ROBERT TRIGAUX

WASHINGTON — Neil Bush, the President's 35-year-old son, is close to signing a consent order with thrift regulators that in all likelihood will ban him from banking.

A spokesman at the Office of Thrift Supervision said an agreement could be reached with Mr. Bush as early as today.

Mr. Bush's problems with the thrift regulators stem from his directorship at Denver's now-defunct Silverado Banking, Savings and Loan Association from 1985 until September 1988. The S&L, which was the third-largest in Colorado at the time, failed in December 1988.

Similar agreements have been signed with three other directors, including the institution's former chairman, Michael R. Wise. Mr. Wise was considered a rising star in the thrift industry and was an executive committee member of the U.S. League of Savings Institutions from 1986 until his thrift failed.

No Admission of Wrongdoing

The agreements, which required the former directors to obtain regulatory approval before working for a bank again, are not an admission of any wrongdoing. Lawyers claim it is a way to avoid expensive administrative hearings that, by their very nature, are weighted in favor of the agency.

Neil Bush

According to published reports, regulators have been looking at two loans made by the thrift to business associates of Mr. Bush, including one to a prominent Republican fundraiser.

In addition, the Federal Bureau of Investigation and several government agencies, including the Securities and Exchange Commission and the Federal Deposit Insurance Corp., have been investigating allegations that the thrift was part of a "daisy chain." The chain involved as many as six other institutions that passed problem loans from one to another to hide them from examiners and also moved junk bonds for Drexel Burnham Lambert Inc. when Michael Milken worked for that firm.

The OTS action is the strongest step that agency can take against officers and directors of failed thrifts. It is up to the FDIC to collect civil penalties from the directors to cover losses to the deposit insurance funds. An FDIC spokesman said his agency is reviewing the case.

Fighting the Feds

William Leone, the Denver lawyer who represents Mr. Bush, had no comment.

But lawyers for Mr. Wise and the other two directors who have signed similar agreements claimed their clients gave in because they did not have the money to "fight the feds."

"It's very difficult to win," said Bettina Lawton of Dechart, Price & Rhodes, who represented Mr. Wise. "There's very limited discovery for a defendant in an administrative hearing."

Former directors Richard K. Vandapool and Robert M. Lewis, both former vice chairmen and officers, signed agreements last week. □

Junk Bonds Cited in CenTrust's $119.5 Million Loss

By KENNETH CLINE

ATLANTA — CenTrust Bank, Miami, on Tuesday reported a net loss of $119.5 million for the fiscal year ended Sept. 30. The bank blamed its problems primarily on "changes in law and regulatory directives," specifically a requirement that it divest itself of high-yield securities at market value.

"These losses, in our opinion, do not reflect the actual performance or value of the bank," said chairman David L. Paul in a prepared statement.

Black Ink in 1988

CenTrust's 1989 loss compares with earnings of $50.1 million in fiscal 1988. In the fourth quarter, CenTrust lost $97.3 million, versus red ink of $2.7 million during the same period of 1988.

Since early last year, Mr. Paul has been feuding with state and federal regulators over control of $9 billion-asset CenTrust, the largest thrift in the Southeast. In early December, the Office of Thrift Supervision issued a cease-and-desist order against the bank, requiring it to take various steps to return to safe and sound banking practices.

A few weeks later, Florida regulators issued an administrative complaint to CenTrust ordering Mr. Paul to step down as chairman and chief executive.

In the conflict's latest episode, the U.S. Court of Appeals in Washington on Jan. 12 upheld a temporary order by the OTS requiring CenTrust to carry defaulted securities in its portfolio at their current market value. In his press release discussing CenTrust's fiscal 1989 earnings, Mr. Paul said the order forced the bank to recognize $26 million in losses above what it considers to be the securities' value if sold.

Mr. Paul also criticized other regulatory directives related to last year's thrift-bailout bill that required CenTrust to divest itself of high-yield securities, or junk bonds, and reserve for losses arising from those sales.

"No one really expected them to write off that much of their junk bonds," said Paul Bauer, president of Coral Gables-based Bauer Financial Reports, a thrift research company. □

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